



ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

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SERVING OVER 320,000 MEMBERS

February 2008

Taxpayers Contribute 13.2% of Last Year's Revenue!



Retirement Systems of Alabama Revenue Resources*

FY October 1, 2006 - September 30, 2007

	<u>TRS</u>	<u>ERS</u>	<u>JRF</u>	<u>Combined</u>
Revenue (in Millions)				
Employee	\$ 305.1	\$ 184.1	\$ 2.6	\$ 491.8
Employer	\$ 540.8	\$ 277.3	\$ 9.3	\$ 827.4
Investment Income	\$ 3,312.8	\$ 1,596.7	\$ 34.6	\$ 4,944.1
Total	\$ 4,158.7	\$ 2,058.1	\$ 46.5	\$ 6,263.3
Revenue (Percent)				
Employee	7.3%	8.9%	5.6%	7.9%
Employer	13.0%	13.5%	20.0%	13.2%
Investment Income	79.7%	77.6%	74.4%	78.9%
Total	100.0%	100.0%	100.0%	100.0%

*State plus public and quasi-public agencies

(Editor's note: Investment Income is net of all losses.)

300 Largest Retirement Plans in the World

Source: Pension & Investments

RSA #92 In the World

RSA #43 In the U.S.

World's Largest: Japan Government Pension

U.S. Largest: California Public Employees' Retirement System

LPGA & Mobile

Alabama has received its second "full-field" LPGA event. "The Bell Micro LPGA Classic" will take place in Mobile at the RTJ Magnolia Grove course two weeks prior to "The Navistar LPGA Classic" at the RTJ Capitol Hill course in Prattville. Both will be played in September. Navistar is in the second year of a three-year contract, while the Bell Micro event will be the first year of a three-year contract.

For the past eight years, Mobile has hosted the LPGA Tournament of Champions with 35-40 golfers, but the "full-field event" will host approximately 140 pros from around the world. Last year's Navistar event had press credentials from over 80 media organizations worldwide.

Bell Microproducts has its global headquarters in San Jose, California. Don Bell, the founder and CEO, is originally from Montgomery. Several years ago, he selected the RSA Tower in Montgomery for his company's IT operation. This IT division services their offices throughout the world.

Be Careful with Charities

Source: A.I.P.

We have rightly shown our empathy with wounded and troubled war veterans, but a new study details rampant abuses. The American Institute of Philanthropy (www.charitywatch.com) looked at 29 military charities. Only nine received passing grades.

Some charities hoard their donations. One homeless veteran's charity spent only \$59 million on programs in 2005, while sitting on more than \$600 million in balances. Eight offenders passed on less than a third of the donations to those in need. One spent 99 percent of its take on overhead!

The 12 veteran charities rated as "the worst failures" collected more than \$260 million last year, while keeping at least double the recommended 35% for overhead. Because there is little regulation of "for profit" fund-raising companies, one group had \$18 million in "charitable phone cards" distributed to overseas military persons last year – NOT to let soldiers call home – but rather to call up a stateside business that sells sports scores.

Professor and Tax Policies

By David Cay Johnston, *New York Times*

“At the time when some voters are asking how the religious views of candidates will shape their policies, a professor’s discovery of how little tax the biggest landowners in her state paid to finance the government has prompted some other legal scholars to scour religious texts to explore the moral basis of tax and spending policies.

The professor, Susan Pace Hamill, is an expert at tax avoidance for small businesses and teaches at the University of Alabama Law School. She also holds a degree in divinity from a conservative evangelical seminary, where her master’s thesis explored how Alabama’s tax-and-spend policies comport with the Bible....

Her findings, embraced by some believers and denounced by others, have also stirred research everywhere from Arizona State to New York University into the connection between religious teachings and government fiscal practices.

Her latest effort is a book, *As Certain as Death* (Carolina Academic Press, 2007), that seeks to document how the 50 states, in contravention of her view of biblical injunctions, do more to burden the poor and relieve the rich than vice versa....

Professor Hamill asserted that 18 states seriously violate biblical principles in the way they tax and spend. She calls Alabama, Florida, Louisiana, Nevada, South Dakota, Texas “the sinful six” because they require the poor to pay a much larger share of their income than the rich while doing little to help the poor improve their lot.

The worst violator, in her view, is her own state of Alabama, which taxes its poor more than twice as heavily as its rich, while holding a tight rein on education spending.

The poorest fifth of Alabama families, with incomes under \$13,000, pay state and local taxes that take almost 11 cents out of each dollar. The richest 1 percent, who make \$229,000 or more, pay less than 4 cents out of each dollar they earn, according to Citizens for Tax Justice, an advocacy group whose numbers are generally considered trustworthy even by many of its opponents.

Professor Hamill said what first drew her to the issue of fiscal policy and biblical principles was learning that Alabama timber companies, which own more than two-thirds of the land in the state, pay an annual property tax of only about 75 cents an acre....

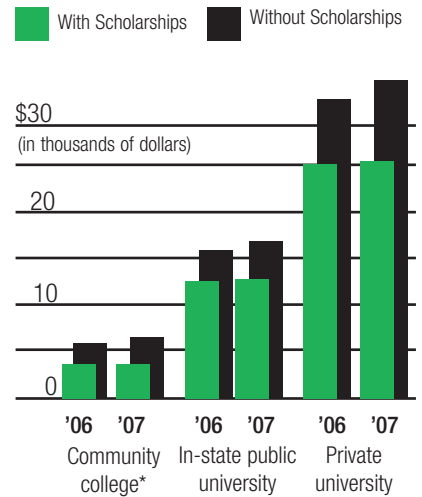
Gary Palmer, president of the Alabama Policy Institute, agreed that taxes on the poor were much too high in the state, but said that the solution was not to raise taxes on the wealthy, but to lower them on the poor. He characterized Alabama’s sales taxes on food and medicine as immoral.

Some of Professor Hamill’s critics, in letters and e-mail to her and others, argue that she just wants to soak the rich, wrapping what they called her socialistic views in biblical cloth....

Professor Hamill said her research found that just one state, Minnesota, came within reach of the principles she identified, because its tax system is only slightly regressive and it spends heavily on helping the poor, especially through public education.”

Expensive Education

The cost of a year at college continues to rise faster than inflation and financial aid.



Bottled Water

Source: *U.S. News and World Report*

Downing the last gulp of a fancy name-brand H₂O, as well as remembering to toss the empty bottle in the recycling bin, makes you feel pretty good about yourself, right? It shouldn’t. Even when the bottles are recycled – and only about a fifth in this country are – there are all kinds of other consequences of quaffing bottled water, says Melissa Peffers, the air-quality program manager for Environmental Defense. (And yes, it is an air-quality issue.)

The containers are often filled in faraway lands, then shipped overseas, transported across the country in trucks, and stored in refrigerators at your local convenience store. Compare that with the environmental impact of turning on your tap, filling a glass, and sipping away.

Anyone who is opting for bottled over municipal for health reasons is misguided, says Peffers: “Most bottled water is just tap water.” (And what comes out of your faucet is carefully monitored to follow strict EPA guidelines.) Add in the fact that it’s outrageously expensive, especially when set against the (practically free!) alternative, and it is astounding that America’s thirst for bottled water seems unquenchable, reaching nearly 30 billion bottles a year.

TRS Board of Control

Dr. Paul Hubbert administers the Oath of Office to new TRS Board members Mrs. Teresa Harbison and Mr. Robert Smith.



RSA's good results

Editorial: *The Anniston Star*

Since the bear markets of 2001 and 2002, the pension funds run by the Retirement Systems of Alabama have been working to restore investment returns to levels at or better than those generated by similar state and local programs. This year, RSA did just that.

According to recently released figures, the two biggest funds managed by RSA — the Teachers' Retirement System and Employees' Retirement System — did better than at least three-fourths of other public funds that were analyzed. The Teachers' Retirement System posted a return of 17.46 percent, while the Employees' Retirement System came in at 17.92 percent — comfortably above the median return for all funds (15.38 percent).

Naturally, this is good news for some 314,000 active and retired workers whose futures are tied up in these plans. With costs of just about everything rising, it is comforting to know that the money set aside for retirement is safe and secure and growing.

It's also good news for taxpayers in general.

State law and RSA regulations have set 8 percent as the benchmark on which taxpayer contributions to the systems are based. If pension-fund investments exceed 8 percent, over time less taxpayer money will be required for the state to meet its pension obligations. If the investments bring in less than 8 percent, in the future taxpayers will pay more. And that makes returns that are more than twice the benchmark look even better.

However, as any economist will tell you, one good year is not a trend. And with an unsteady housing market, a credit crunch, a nervous Wall Street and serious talk of a recession, those in charge of these funds will have their hands full trying to match or exceed what they accomplished this year.

RSA chief executive David Bronner and those who work for him have done well, and we wish them more success. In these trying economic times, it's been impressive."

New Top in Mobile

Construction is nearly complete on a new top for the Riverview Plaza, A Renaissance Hotel, in Mobile, Alabama.

The new top will be like the RSA tower top, but on a smaller scale.



TAKING A TOLL

The No. 1 killer

of U.S. teenagers is car crashes.

About 6,000 teen drivers

are killed in auto accidents each year — more fatalities for this age group than those caused by guns and drug overdoses combined.

Drivers ages 16 to 19

have a fatality rate four times as high as that of drivers 25 to 29.

18% fewer collisions

involving teen drivers occurred in Las Vegas in the first eight months of 2006 in the year after teen-driving restrictions were imposed.

WANT TO HELP?

A FREE Car Tag



Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call Tisha or Deborah to request a tag at (334) 242-5718, or 800-214-2158 ext. 1503, or write:

Tag
P.O. Box 302150
Montgomery, AL 36130-2150

GAS FACTS

Interestingly, the Federal Reserve Bank of Dallas recently found that *gasoline expenditures today — at more than \$3 a gallon — claim less than 4% of U.S. after tax personal income, versus well over 6% in 1981.* That means retail gasoline prices would have to rise to about \$5.50 a gallon to absorb the same share of personal income as was the case in 1981.

ENJOY YOUR WINTER
A Special Deal
FOR RSA MEMBERS

The Battle House,

A Renaissance Hotel – Mobile – \$79

- Feb. 6–14, 21–25 • Mar. 1–6, 9, 20–23, 30
- Apr. 1–5, 7–8, 14–17, 20–24, 27–30

The Riverview Plaza,

A Renaissance Hotel – Mobile – \$69

- Feb. 6–7, 10–14, 16–19, 22–23
- Mar. 2, 12–13, 19–20, 22–27
- Apr. 1–3, 7–9, 15–16, 20, 28–30

Marriott Grand – Point Clear – \$79

- Feb. 3–6, 10–11, 24–28
 - Mar. 2–3, 9–13, 16, 23–25, 30–31
 - Apr. 1–2, 6–7, 15–17
- (Spa/Fitness Renovations: Feb. 24– March 2)

Marriott Grand – RSA Golf Package – \$159

Reservation Call-In Code – LOCD

Includes: Deluxe Room, One Round of Golf for Two People. Call for Tee Times after booking package 1-251-990-6312

- Feb. 3–4, 10–11, 13–16, 20, 24–25, 27–28
- Mar. 2–3, 9–10, 12, 16, 23–25, 30–31

Marriott Shoals – Florence – \$69

- Feb. 3–5, 10–12, 17–20 • Mar. 6, 9–10, 21–22
- Apr. 6–8, 16–18, 27–30

Renaissance Ross Bridge – Hoover – \$79

- Feb. 3, 23–24 • Mar. 16–18 • Apr. 6, 7, 13–15

Opelika Marriott – \$69

- Feb. 3–4, 15–21, 25 • Mar. 2, 12, 15–18
- Apr. 6, 9–15, 27

Prattville Marriott – \$69

- Feb. 1–3, 6–7, 10, 17, 20–21, 27
- Mar. 7–9, 11–12, 18–23, 30–31
- Apr. 1, 6–7, 13–14, 20–23

Renaissance Montgomery – \$79

- Feb. 17–20, 27
- Mar. 2–5, 16–22, 25–31
- Apr. 9–10, 13–16, 20–27

*Book early because the rooms are limited at these special rates.
These rates are not applicable to groups or conventions.*

Code: RABM, 800-228-9290

America's Best Bargain for Alabama Golfers

If you are a true golf nut, the RTJ Annual Pass is the perfect deal for you. For just \$1,360, you can play unlimited golf year-round at all the RTJ courses (excluding Lakewood & Ross Bridge).

The 2008 Trail Card is perfect for those who play several times a month. By saving from \$10 to \$45 every time you play (savings vary by location), the Trail Card more than pays for itself. It is our way of saying thank you to Alabama residents who have supported The Trail. You can also receive 15% off the retail price of RTJ Golf Trail merchandise, discounted range balls, plus a 10% discount off personal golf instruction from any RTJ golf professional.

With a 2008 Trail Card, you can play for these low rates for greens fees and cart:

- **\$34.95** weekdays and **\$39.95** weekends and holidays at Cambrian Ridge, Hampton Cove, Highland Oaks, Magnolia Grove, Silver Lakes and The Shoals
- **\$39.95** weekdays and **\$44.95** weekends and holidays at Grand National
- **\$44.95** weekdays and **\$49.95** weekends and holidays at Capitol Hill and Oxmoor Valley
- **\$79.95** weekdays and **\$84.95** weekends and holidays at Ross Bridge

Call any site to purchase or go to www.rtgolf.com.



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